

America at the Crossroads

Address of
Hon. Arthur H. Vandenberg
of Michigan

at St. Paul, Minn., on February 10, 1940


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ADDRESS

BY

HON. ARTHUR H. VANDENBERG

Mr. McNARY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an impressive address delivered by the senior Senator from Michigan [Mr. VANDENBERG] at St. Paul, Minn., on February 10, 1940, before a Republican rally celebrating the anniversary of Lincoln's birth.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I am happy to be in Minnesota to present my warmest compliments to your brilliant young Governor Stassen, who spectacularly captured his home State 1 year ago and who subsequently captured Washington with his irresistible Gridiron Club address last December. He seems to have a capturing capacity. It is a good thing for divers and sundry Republican Presidential candidates that there is a constitutional age limit at 35.

I am glad to be here on this particular occasion—to join with you in celebrating this annual Lincoln anniversary. So long as memory survives this man of God, this son of destiny, will be enshrined in the American heart—not only as the savior of the Union, not only as the emancipator of a race, not only as the highest embodiment of self-made genius, but always and forever as the supreme personification of the spirit of democracy in its finest faith and truest form.

One cannot speak of Lincoln without thinking of Gettysburg and the speech that still stands as the greatest utterance in the English language. But one cannot speak of Lincoln and Gettysburg without thinking of that regiment of patriotic youth—the First Minnesota—the first to answer Lincoln's call for volunteers in 1861—the first in the annals of modern warfare in the percentage of its casualty loss—600 youthful martyrs ordered into the valley of the shadow to stop 15,000 troops in Pickett's charge; 600 Minnesota high-school lads who laid their lives upon the altars of their patriotism and made it possible for Union reserves to reach this vital spot and stem the tide; 600, of whom but 57 lived to see their country's flag again. It was the turning point of Civil War. On Lincoln's

night—and it would be with his benediction—I bring to you the Nation's respect and love for the rich memory of the loyal sons of Minnesota.

Lincoln was the first Republican President of the United States. But his character and his tradition long since burst these bounds. He belongs to every American who loves his native land and kneels to the Constitution of this imperishably reunited country.

Yet the fact remains that he was the first Republican President of the United States. Four years later, still running as a Republican, he was the first coalition President, uniting behind him all like thinkers, regardless of party affiliations, who put the welfare of their Nation ahead of every other hope.

And there, my fellow citizens, is the pattern for us in 1940. It is our Lincoln heritage. It is our Lincoln admonition. Once more America is at the crossroads. Once more a critical hour of tremendous decision impends. It is the responsibility of Lincoln's party to save the American system of free enterprise and free men under the renewed spirit of constitutional democracy and to recapture prosperity for our whole people under a Government restored to sanity and solvency. In my view it must strive to create common ground upon which all like thinkers may unite to produce an administration for all Americans in which a prepledged, one-term President is manifestly free of all incentive but the one and single job of saving America.

The founding fathers constitutionally decreed that the Federal Government should have strictly limited powers so that hard-won personal liberty might endure. They knew the dangers of concentrated autocracy. That is what they fought against. They knew the vital importance of State sovereignty and home rule so that control of government might remain close to the governed. They wanted no overlords.

The New Deal, on the other hand, decrees that the Federal Government shall have unlimited powers; that it shall reach for every possible control and dictation over the citizen's life and livelihood; and that when this unholy authority is dragged into Washington it shall be centered in an all-powerful Chief Executive who can do no wrong.

There lies the fundamental issue; and from it, in one form or another, flow most of our accumulated problems. When Roosevelt and the New Deal collide with Jefferson and the Constitution we stand with Jefferson, and so will a majority of the American people next November.

We are on the side of decentralized government, except where there is clearly no escape from centralized controls. We think this country is too big and too complex to be run under standardized discipline and compulsion from any one

central point. We are on the side of "checks and balances," the greatest American contribution to the theory of democratic government, so that government shall be required to keep itself within freedom's bounds.

The New Deal is on the side of consolidated Federal authority, and then when it takes this pilfered power to Washington it is on the side of further dictatorial consolidation in the Chief Executive. It is on the side of subservient legislatures which shall be "purged" of any souls who resist the imperial will. It is on the side of subservient courts, which shall be "packed" if they resist the imperial goose step. It is on the side of government by executive decree. Its more fervid zealots are entirely logical when they speak up for a third Presidential term. It fits their dynastic picture perfectly. So would a fourth or fifth. Elections are but an annoying and needless interlude.

Next November the American people will umpire this dispute—this fundamental difference between two philosophies of government and life. There is no doubt in my mind what they will say. They are tired of life on a flying trapeze. They are tired of experiments that never end and patent medicines that never cure. They are tired of bureaucrats, "boondogglers," "barnacles," "brain trusts," ballyhoo, and bankruptcy. An eloquent and decisive majority—composed of Republicans and brave Jeffersonian Democrats alike—will repudiate the repudiators of the American system. They will restore the spirit of the Constitution, the spirit of free enterprise, the spirit of free men; and in this congenial atmosphere of new independence and new confidence they will launch America upon an era of unprecedented prosperity and joy.

Is there a realistic chance for this happy transition? Let us see.

We have a frustrated economic impulse held back by a decade of depression and by the deadening hand of arbitrary New Deal interference and restraint. It strains at its needless leash and will leap to action at the first dependable sign of friendly interest and encouragement.

Since 1932 we have all but abandoned new investments, which spell new enterprise; and a vast accumulation of sterile bank accounts itch for profitable assignments which would spell new jobs, new wealth, new prosperity, and new opportunities for youth and age alike.

We have suffered 10 years of veritable stagnation in plant expansion and plant replacement until obsolescence is a well-nigh universal blight. A call for not less than twenty billions of capital goods awaits release to even bring us back to par.

Our vital consumer buying power is cruelly damaged by the poverty of 12,000,000 citizens who are still unemployed and who deserve real jobs at living wages; and by the shattered

buying power of agriculture, which flounders in the morass of subsidized paternalism and deserves release to a living income. It is damaged, on the other hand, by the nonproductive diversion of national income to the heavy taxes that pay these bills and all the others incurred by a vampire bureaucracy which is the biggest and the costliest in history.

These corrections alone would turn the trick. We still have untouched frontiers.

Are these and kindred obstacles, which stand in the way of sound recovery, American style, insurmountable?

With all the emphasis and conviction at my command, I answer "No." And I also answer that a majority of the American electorate, fed up with 8 years of synthetic socialism, will commission the party of Lincoln to this healing task.

In a word—and, mind you, it is the word of the administration's own National Economic Council—"The American machine is stalled on dead center."

No one ought to know the reason any better than the New Deal President of the United States himself. From March to July of 1933 he saw the industrial production index of his country move from 59 to 100—the greatest volume of recovery ever recorded in a like space of time in human history. Why? Because for 100 days he was living up to his campaign promises to put the Federal Government on firm foundation; to protect the public credit; to balance the Budget; to encourage business. He was still remembering his own words—words which subsequently became his own epitaph—"Most liberal governments are wrecked on the rocks of loose fiscal policy." At the end of 100 days, he completely reversed himself. He went off on a pell-mell spending spree and in pursuit of economic dictatorship. The result was a bankrupt Utopia which never arrived. He built confidence and then he destroyed it.

But that is not all. The President has another reason for knowing what it is all about. From May to December 1939 the industrial production index rose from 92 to 128. It probably will keep on rising. Why? Because of a war abroad? No; except in incidental degree. Chiefly because the war has so intrigued the Presidential imagination that he has temporarily quit his domestic vivisection—and he hopes that the country will forget them, too. Chiefly because he has once more turned economist. His eighth annual promise of "sound fiscal policy" bears more evidences of reality than any of its six sterile predecessors. Ordinarily election years scare business. But 1940 is a phenomenon. This election year scares the President. And the country benefits as a result.

I fervently hope and pray that the present timid recovery trends—born of the first hope in 7 years that the Corcorans and the Cohens and all the other Jupiter-minded bureaucrats

who think the American people ought to be herded into kindergartens—will preserve. But that is beside the point. The point is that the experience of the New Deal itself shows the basic answer to our national problem. When it “lays off,” we swim. When it “lays on,” we sink.

The trouble is that “purges” and “appeasements” rotate in such breathless fashion that no sustained confidence is possible. The famous “off again, on again, gone again Finnegan” was positively static compared with Uncle Sam on his New Deal merry-go-round.

The same President who deliberately divided the country into bitter factions, calling some “economic royalists” and “Tories” if they happened to be able to continue to meet their own pay rolls, and inviting class to war on class, now blandly says that “bitterness and vituperation” are “hurtful in the domestic scene.” Right; but how long will the conversion last?

The same President who machine-gunned our constitutional “checks and balances,” who ruthlessly sought to bind an independent Supreme Court on his imperial chariot wheel, and who has gathered unto himself more executive authority than exists outside of completely totalitarian states; this same President now decries the destruction of “all the * * * political standards which mankind, after centuries of struggle, has come to cherish most.” Nice; but how long will the conversion last? By the way, it was followed significantly within 2 weeks by a typical proposal to let the Chief Executive nationalize our industries whenever he might proclaim a peacetime emergency. And yet they wonder why we can’t sleep nights.

The same President who promised to reduce Federal expenditures 25 percent—and, instead, increased them 300 percent—now says he “marvels at the glib generalities” of our would-be Budget balancers. Well, that can mean but one thing: We must have elected a “glib generality” President of the United States in 1932.

The same President who angrily told all dissident Democrats in his speech at the Jackson Day dinner in 1939 to go join the Republican “tweedledees” now gently beckons them all back again in his coy Jackson Day speech for 1940. He wants a “united party” this election year—but for what purpose is still a gleeful mystery in his own undisclosed ambitions.

All these contradictions—and many more—are utterly baffling and wholly destructive of the popular confidence which must precede general recovery. Partisan critics may sneer at this basic plea for confidence all they please. But the cold, hard fact remains that until the country knows that it is headed in one direction and the right direction for keeps,

its economic recovery will be as spasmodic and as discouraging as the course of its haphazard, joy-riding Government.

Well, you ask me, what's the answer? Is it to scrap the New Deal, lock, stock, and barrel?

Let's be frank about that. Despite all that I have said and shall still say, the answer to that all-embracing question is "No"; and you couldn't, even if you would, because there is no way to retrieve the eggs after you have made an omelette—and heaven knows we confront an omelette, to put it mildly. Furthermore, whether you like it or not, some of these social-minded objectives are here to stay. New times produce new problems, and new problems often present new needs. No; the answer is that we must wisely balance yesterday against tomorrow—experience against necessity. We do not weaken our indictment against the New Deal by finding spots of good in it. On the contrary, we strengthen our indictment by displaying a sense of discrimination and good faith. That is what the people are doing and it is what they expect of us. The answer is that we must scrap the bad; improve the good; live by the spirit of the Constitution; quit reckless innovation; make government solvent; give legitimate American free enterprise a sustained chance; restore a maximum of home rule in States and local communities; say what we mean; mean what we say; and go forward in one consistent and dependable direction all the time.

The President once correctly said that if we could raise the national income from sixty billions a year to eighty billions a year most of our problems would automatically disappear. But his trouble is that the New Deal tries to make an \$80,000,000,000 country out of a \$60,000,000,000 country by spending the difference. It has put appropriations higher and peacetime taxes higher and national debts higher than any administration in American history. Its own brilliant, sound-headed ex-Under Secretary of the Treasury, John Hanes (who, like other brilliant, sound-headed Treasury assistants, is no longer connected with the Treasury), put it this way: "We have developed a \$10,000,000,000 appetite with a \$5,000,000,000 pocketbook." These gentlemen who rode into power in 1932 on a promise of retrenchment have stopped at no bonanza in attempting to fertilize prosperity with other people's money—and they have completely failed to answer anything. At their last Jackson Day dinner, after celebrating their affinity for common folk with terrapin and champagne at \$100 a plate, they toasted debt-paying "Old Hickory" in \$42,000,000,000 worth of red ink. What a cruel travesty. And what a grim imposition upon the hopes and needs of those who are still victimized by depression, on the one hand, and by the New Deal on the other. You cannot make a silk purse out of a sow's ear, and you cannot build a solvent pros-

perity around an insolvent public treasury. Balanced books, unfortunately, are more important than fireside chats.

We have tried spending and borrowing and pump priming. We have tried clamping down on private business with punitive taxes and with "planned economy"—usually planned by despotic bureaucrats who never met a pay roll in their lives. It hasn't worked. It never will. The way to make an \$80,-000,000,000 country—yes, a \$100,000,000,000 country—is to let American business earn the difference and put it into new wealth. Wealth has to be created before it can be shared.

What to do? Do everything to legitimately encourage free enterprise and the honest profit motive in private business. Undo everything which needlessly discourages business and aggravates the uncertainties and the timidities which hamper success and prosperity. Do everything that puts Government itself on dependable foundations. Undo everything that makes Government wobble and needlessly puts it in the way of recovery and reemployment.

Here are a few specifications. Stop the hymns of hate which dynamite us into devastating factions. Quit Government competition with private business and reduce regulation to whatever real necessity requires in the obvious public interest. Demobilize the bureaucrats; scrape off the pay-roll barnacles. Repeal the floating Presidential money powers so that our currency is tied to something more substantial than the Presidential whim. Stop buying all the gold and silver in the world at swollen prices, when we already have twice as much as we can use. Yes; stop buying gold from Russia at \$35 an ounce which Russia produces for \$11 an ounce—and puts the profit into execrable war upon Scandinavia. Put our tariffs on a dependable cost-of-production basis, so industry and labor and agriculture may know what to expect. Remove all "tax deterrents," as identified by the present Treasury itself, and substitute "tax incentives" to the profits system. Amend the Securities and Exchange Act to remove needless obstacles to new financing while retaining all protections against piracy. Amend the Wagner Act to remove needless and costly and discouraging frictions in labor relationships, and separate the functions of the National Labor Relations Board so that judge and prosecutor are not in one tyrant, yet zealously protect every essential element of free collective bargaining. Quit all new social schemes and all new subsidies, no matter how worthy or persuasive, until we have found a way to pay for those already in existence. Eliminate costly overlapping duplications in Federal, State, and local service, and give home rule the preference wherever possible. Another brilliant, sound-headed ex-Under Secretary of the Treasury, T. Jefferson Coolidge, who, like a long line of other brilliant, sound-headed

Treasury assistants, is no longer connected with the Treasury, put this latter thing this way: "We see today consolidated Federal powers destroying the foundation, while, under the spell of unsound reasoning, the people are surrendering their rights and liberties; only by a return to the principles of State sovereignty over its citizens can our democracy endure."

But to continue the specifications. Pay as much attention to the man from whom we take a dollar as to the man to whom we give it. Stop the Houdini business of deliberate deficit spending and admit once more that thrift is more prudent than debt. Maintain reasonable relief for all deserving citizens who are still victimized by this needlessly prolonged depression, but unify it under State responsibility, with necessary lump-sum appropriations from the Federal Treasury, thus reducing costly overhead and waste and indefensible experiments and the political exploitation which plays politics with human misery. Balance the Budget as rapidly as sound business judgment will permit. Restore the spirit of the Constitution to complete authority so we may be sure this is going to continue to be a government of laws and not of men. Stay out of war. Quarantine the third termites. And then watch the country boom.

With just one question I would deal in greater detail. It is the question of agriculture, in which I know this heart of the farm belt is deeply concerned. But in reality you are no more concerned than the rest of us, because there can be no stabilized prosperity for America as a whole until stabilized prosperity for agriculture gives the American farmer his fair share of the national income. The family-sized farm, run by its solvent owner, is still the core of American institutions.

Let the country be warned that it finally hurts itself if agriculture is subordinated or ignored, or if it is not given its full share of the American prosperity. But equally let agriculture be warned that it finally hurts itself if it seeks any undue special favors which tend to defeat general recovery, because general prosperity for all consumers of farm commodities is the surest, natural guaranty of farm success.

The fact remains that agriculture requires particular attention because of its particular status. In seeking to serve it, it is all very well to look beyond the seas for export customers. We certainly need all the export trade, for both agriculture and industry, we can profitably get. But the richest market in all this earth is right here among our own 130,000,000 people. When their mass buying power is restored and expanded, when they all, including the farmer, can buy not only subsistence but reasonable comfort, the farm problem in most instances, like many other problems, will have solved itself. So, while the first agricultural necessity

is the restoration of general economic health throughout this stupendous home market, its ultimate indispensable necessity is that this rich domestic prize should be dedicated exclusively to the American farmer and the products of his American farm. There should be no competitive agricultural imports when domestic farm prices are below domestic parity. Here is one monopoly that is indispensably good—the monopoly of the domestic market, against all destructive alien competitors, in behalf of the whole family of American agriculture.

Except as we start from this base there will never be a successfully sustained farm formula. You can try all the patent schemes you please. They will all collapse unless they start from this text: American markets belong to American farmers. Not even Secretary of State Hull can produce compensatory alternatives in alien lands, no matter how plausible he makes his free-trade theme, and no matter how persuasively he pleads his low-tariff cause. I may add, parenthetically, that Secretary Hull's reciprocal trade treaty law represents a wholly unconstitutional delegation of tremendous legislative power to the President; indeed, greatly more power than was contained in the "elastic tariff" which Mr. Hull himself once condemned, under different political auspices, as "too much power for a bad man to have or a good man to want."

But back to the immediate farm problem. These farms, even after they are nourished with the blessings of the American market, will need practical conservation of their soil. Soil is their capital account. Its depletion is creeping bankruptcy. Therefore soil-conservation payments are a logical national investment. But they should go to voluntary co-operators. I emphasize the word "voluntary." There should be no compulsory regimentation of our farmers as though they were peasants. Farmers today are often plagued quite as much by swarms of dictatorial bureaucrats as by grasshoppers or any other pest. Soil-conservation payments should go to voluntary co-operators under general congressional formula to assure equitable division and under guidance and administration of State land-grant colleges or State agricultural departments, and not under the whip and spur of Washington. They should go to voluntary co-operators, not merely in five specially privileged crops but in all crops. It is prejudicial discrimination to call cotton, wheat, corn, tobacco, and rice our only basic crops, when milk, eggs, cattle, hogs, fruit, and truck produce and others are often greater or as great. When any of them voluntarily join soil-conserving programs they should have reasonable Treasury rewards.

There is another type of Treasury reward which interests me quite as much, "incentive payments" for growing products

of which the Nation has not enough, and there are many such. The incentive-payment idea, the exact opposite of the unpopular, unhealthy scarcity restrictions, may be applied to expanding the production of crops now imported and to developing the production of crops for industrial uses. This latter field of action is one of the most promising and fruitful. On a vastly expanding scale the farm is becoming the source of industrial raw materials. But the surface of these possibilities is only scratched. Our genius should be urged to this attack on every front. "Farm chemurgy" is the vital phrase. It is a slow process, but it holds more promise than all the balance of the alphabet which bureaucratic "jitter-bugs" at Washington are still juggling in their anxiety to catch up with their own mistakes.

In principle, crop loans are sound—so long as they are within limits which make Uncle Sam the loaner and not the owner of the pledged commodity. But in the final analysis the farmer wants more markets, more direct access to them, and better prices rather than more loans. He does not need more debts. He needs a chance to secure his cost of production and a fair profit so he can pay his debts. In the long run he needs the same "two price" system which has permitted closely organized industry to thrive on an American price in the domestic market and a competitive price in the world market. He will get it one day under the original self-supporting theory of the old McNary-Haugen bill, modeled down to date. He will get it when he is protected in an American price for that portion of a surplus crop which is domestically consumed and when the export portion of the surplus crop is taken off the domestic market and diverted to the world market at the best price that can be secured through negotiation with foreign countries or otherwise.

There are other things that ought to be said upon this subject, but time forbids. Practical and efficient farm cooperatives should be encouraged, and cooperative marketing agreements should be sympathetically extended. Careful experiments in crop insurance, despite contemporary losses, should continue.

Speaking generally, no man who is honest with the American farmer can say: "I know this is the way." But no man who is honest with the facts can deny that the haphazard and often contradictory experiments of the last 7 guinea-pig years have not created vastly more problems than they have solved, and—despite some landmarks of progress that must be preserved—have often done agriculture more harm than good. We must start anew upon the trail of this age-old problem; and we must find the program—what to do and, equally important, what not to do—which produces an

American farmer who once again is both prosperous and free—an American farmer who once again is his own happy and successful master.

I would briefly touch one other, final point. This distraught world is riddled with bitter, horrifying wars which wrench our hearts, ravish our ideals, and consume us with hatreds for sanguinary despots who extinguish the very lamps of civilization. Deep and impulsive emotions might easily drive us once more to these battle lines 3,000 miles away. But we must ever take counsel of reality. Reality says we cannot hope to control the destiny of power politics in the Old World. We tried it 20 years ago and failed. Reality says we must avoid entangling contracts. One such is our recognition of bloody Moscow which, as a result, is able, with our official benediction, to attack us from within just as treacherously as it attacks others from without. We have no business in any kind of partnership with such an outlaw. Reality tells us that our own stupendous obligation to democracy is to keep its torch alight in this New World. Reality warns us that if we enter this appalling conflict we shall come from it in bankruptcy and with our liberties in chains. Reality demands that we must avoid these wars by every effort consistent with national security and honor. We can stay out if we will—and stay out we must. When we are attacked, we shall respond with every man and every dollar beneath the flag. Until we are attacked we shall hold our peace. America must be our exclusive, dominating dedication. America must be our passion. And none but devoted, single-purposed Americans must be put on guard.

Our battles, my fellow countrymen, are here at home. Distant horizons must not blind our eyes nor dull our senses to the nearer fact we, too, are in crisis—though it be of different sort. Our immediate enemies are not without; they are within. I would not temporize one instant with internal nazi-ism at the right or internal communism at the left. I would clear this track for keeps. But neither would I compromise with any other ideology, however sweetly named, which, in the President's own language describing the New Deal, might "provide shackles for the liberties of our people."

We are entirely surrounded by desperately vital problems. They affect not only the material well-being of 130,000,000 people. They threaten the very character of American life and institutions. They often menace individual freedom. They often hazard representative democracy. We cannot meet them in a spirit of numb reaction, as though the world was finished yesterday. But we dare not meet them in a spirit of contempt for history, tradition, and experience—as if there were no wisdom prior to 1932. We must put human rights

ahead of property rights. Yet we must not forget that property rights are among the most precious and the most significant of human rights. Our call is to the high middle ground of realistic common sense, where liberalism and conservatism shall strike a happy balance for the common good.

It is our assignment in the national destiny to restore the spirit of constitutional liberty to American institutions; to restore the genius of free enterprise to American commerce; to restore real jobs to American men and women and protect their maintenance; to restore hope and confidence to the American people who shall move forward in the American way of life.

It is a desperately vital assignment. It must be accepted in the consciousness, to borrow Emerson's vivid phrase, that America is God's last chance to make a world.

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